



STATE OF NEW JERSEY

Board of Public Utilities

*Two Gateway Center
Newark, NJ 07102*

CABLE TELEVISION

IN THE MATTER OF CABLEVISION SYSTEMS)
CORPORATION OF NEW JERSEY FOR)
APPROVAL OF THE FILING OF AN) ORDER ADOPTING
AGGREGATE FCC FORM 1205) INITIAL DECISION
DETERMINING REGULATED INSTALLATION)
AND EQUIPMENT CHARGES) DOCKET NO. CR99110851

(SERVICE LIST ATTACHED)

BY THE BOARD:

On November 1, 1999, Cablevision Systems Corporation of New Jersey (Petitioner) filed an aggregated Federal Communications Commission (FCC) Form 1205, Docket Number CR99110851, seeking approval by the Board of Public Utilities (Board) for regulated equipment and installation charges pursuant to the Cable Television Consumer Protection and Competition Act of 1992, 47 U.S.C. § 543 et seq., and provisions of the New Jersey Cable Television Act, N.J.S.A. 48:5A-1 et seq.

The Board is the local franchising authority in New Jersey and is certified to regulate basic service rates and associated equipment and installation charges of cable television operators providing service within the State.

FCC Form 1205 is a rate form used by cable operators to update their regulated rates for equipment, such as converters and remotes, and customer installations. Under the revised benchmark rules, which were applied to operators beginning May 15, 1994, Second Order on Reconsideration, Fourth Report and Order, and Fifth Notice of Proposed Rulemaking, MM Docket No. 92-266, FCC 94-38 ("Second Order on Reconsideration"), cable operators are required to justify their rates for cable installations and lease of equipment through an annual filing of a new Form 1205 with the franchising authority. Form 1205 is used to determine whether the rates established by the operator are reasonable based on an examination of the operator's costs for the prior year.

Under the FCC's Form 1205 methodology, the charges established for equipment leases and customer installations are based on the prior year's actual cost. Equipment rates are derived from the total capital and maintenance costs per unit of equipment and installation rates are derived from a calculation of an hourly service charge ("HSC") and an application of that charge to different types of installations.

On November 22, 1999, as provided by the New Jersey Administrative Procedures Act, N.J.S.A. 52:14B-1 et seq. and N.J.S.A. 52:14F-1 et seq., the above filing was transmitted to the Office of Administrative Law (OAL) for hearing and initial disposition.

On February 28, 2000, a pre-hearing conference was held and attended by the Petitioner, the Division of the Ratepayer Advocate ("Advocate") and the Board's Staff ("Staff") (collectively, the "Parties") and plenary hearings were set for June 12 and 13, 2000.

On May 31, 2000, the Parties commenced settlement discussions and the plenary hearings scheduled for June 12 and 13, 2000 were adjourned to allow the Parties additional time to explore avenues for settlement.

On June 7, 2000, after extensive discovery and subsequent negotiations, the Parties reached agreement on the proposed rates and executed the Stipulation to memorialize their agreement. The Stipulation was subsequently filed with Administrative Law Judge ("ALJ") William Gural.

On October 6, 2000, ALJ Gural issued his Initial Decision approving the settlement agreement made by the Parties.

On October 18, 2000, Petitioner filed a proposal with the Board to recapture a uniform effective date of February 1st for all future rate changes in its New Jersey systems. This proposal includes a plan for issuing refunds to subscribers that were overcharged for certain types of equipment as a result of Petitioner's delay in implementing rate reductions associated with this equipment to May 1, 2000 in its Ramapo and Rockland systems, and October 31, 2000 in its Warwick system.

On October 30, 2000, Petitioner filed a second proposal with the Board that addresses its failure to lower the rate for certain types of equipment in its Hamilton system on August 1, 2000 pursuant to the terms of the Stipulation. This proposal will bring Petitioner into compliance with the Stipulation by lowering these rates on October 31, 2000, and issuing refunds to subscribers for overcharges applicable to this equipment which occurred between August 1 and October 31, 2000.

All rates set forth on Schedule A of the Stipulation are deemed reasonable, and in accordance with FCC regulations, 47 C.F.R. § 76.922 (e) and 47 C.F.R. § 76.923 (n). Pursuant to the aforementioned regulations, Petitioner is not permitted to increase its basic service, equipment and installation rates in any of its New Jersey rate districts again until February 1, 2001.

Petitioner notified its customers of the rate changes by way of newspaper announcements informing them of their opportunity to submit written comments to the Board for a period of thirty days commencing from August 21, 2000 to September 21, 2000. During this time, no comments were received as a result of this public notice. Additionally, as a result of its proposals filed on October 18 and October 30, 2000 as explained above, Petitioner will be required to re-notice its subscribers in certain systems of further rate reductions and refunds. In order to effectuate these rate reductions and refunds in a timely manner, in accordance with N.J.A.C. 14:18-3.16 (b), the Board hereby WAIVES the customary thirty day notice requirement at N.J.A.C. 14:18-3.16 (a).

After review and consideration, the Board FINDS the Initial Decision of ALJ Gural and the refund proposals as submitted by Petitioner on October 18 and October 30, 2000 to be fair and reasonable. Therefore, the Board HEREBY ADOPTS the Initial Decision and Stipulation of Settlement (attached hereto) and the refund proposals in their entirety, incorporating by reference the terms thereof into its final decision as if fully set forth at length herein.

DATED:

BOARD OF PUBLIC UTILITIES

BY:

(signed)

HERBERT H. TATE
PRESIDENT

(signed)

FREDERICK F. BUTLER
COMMISSIONER

ATTEST:

(signed)

FRANCES L. SMITH
SECRETARY

IN THE MATTER OF
CABLEVISION SYSTEMS CORPORATION
OF NEW JERSEY
AGGREGATE FCC FORM 1205

DOCKET NO. CR99110851

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